

## **Testimony of MacNair Travel Management before The National Commission to Ensure Consumer Information and Choice in the Airline Industry.**

**MacNair Travel Bio.** We are headquartered in Alexandria Virginia - a Washington Area Regional Agency. An American Express Travel Representative Office. Privately Owned by Michael and Ellen MacNair. 43 Employees and 25 Million in annual sales.

*Based on Available Evidence, MacNair believes the following to be true:*

1. Finding the lowest available fare is more complex than ever before because travelers and travel counselors must check the GDS, internet travel agencies, sites like Orbitz and or airline sites, the sites of airlines like Southwest and JetBlue, and tour operators and consolidators.
2. This complexity requires that consumers have access to **advocates** (professional travel counselors) to walk them through the complex maze of fares and their associated rules and regulations. It is my concern that the airlines will keep us from being able to provide this unbiased service.
3. When a consumer fails to search all of these locations, the penalty is a higher average ticket price for the individual traveler and American business.

*Therefore: The government should ensure fair and equal access to all published fares so that Travel Agents can continue to serve the consumer in an unbiased fashion.*

Let's go over why?

The airlines' efforts to create parallel booking systems (the GDS vs. internet distribution systems) have hurt individual travelers in a big way, but let's not forget American businesses. I have large corporate customers such as the United States Chamber of Commerce, but I also have some 280 other client accounts whose median spend is \$75,000 per year in airfare. While large corporations are cutting deals directly with the airlines to avoid cost differentials, small businesses have no such leverage and, as a result, they don't know where to go to manage their travel. According to American Express, travel is the third largest expense for the average US business. Clearly this process needs to be managed - not booked through various sources. In a recent speech, President Bush noted that small business owners are the "backbone of the American Economy and they create more than 66% of all new jobs in America." Additionally, I would like to quote Federal Reserve Board Governor Edward M. Gramlich who stated that there are, "...twenty three million small businesses in America representing more that 99% of all firms." In the parallel distribution system environment, business travelers are enticed to find fares on the internet for upcoming business trips and are not always selecting the best value. In these cases no travel professional is checking the GDS, internet travel sites, airlines like Southwest (and others not represented on sites like Orbitz), and tour operators/consolidators. The professional counselors at MacNair search all these locations and then explain the rules and regulations of these fares to ensure the proper purchase. **When travelers are performing these**

**duties at their desks the cost is not only a higher average ticket price, but a mind boggling amount of wasted time – the small businessperson's most valuable resource.**

In addition to wasted time and money there are additional dangers to allowing travelers to book tickets on the internet. When one of my counselors books a ticket for a customer in the GDS, they are afforded access to key pieces of information regarding this reservation. When we find a fare for a customer on the internet, we lose control of these key pieces of information. If, however, the airlines were required to put fares they offer on the net *into the GDS*, our mutual customers will be better served through price and advocacy. In this scenario the business traveler will receive a wide array of choices - and a better price - they will understand the fare rules and regulations, changes will be facilitated (Business people change a lot, and on-line services make it difficult to do so.), receiving a refund will be made easier, exchanging a ticket for another will become less cumbersome, and tickets can be voided as needed in many circumstances. The travel counselor will also be able to notify customers of itinerary or time changes, and customers can receive travel management reporting services on their data, enabling them to reduce the time spent processing travel expenditures. When we book a ticket on Orbitz for a customer assuming their identity (Our counselors must pretend that they are the traveler in the present system.), this is a time consuming manual process that gives us less control. It also changes the paradigm of our relationship with our customers. I have spent significant resources in time and money in legal fees creating client contracts which deal with the ramifications of this change.

A prime example of the difference between booking on the internet versus the GDS is that when booking on the internet we are not notified of flight and time changes in order to serve our customers. We need to manually call and perform this service. We also are penalized by the GDS which requires that we contractually book a certain amount of segments with them. **If it really costs the airlines a few dollars more to place the fares on the GDS, why not insert the internet fare into the GDS – and add a few dollars - to create a win-win solution for all parties?** At a recent Town Hall Meeting with my customers they asked me for this package and I couldn't tell them why it currently isn't available.

I want to be part of a system that keeps American business moving. The government is spending time and money to prepare our country for possible future terrorism attacks. We can be part of the solution. On September 11<sup>th</sup>, amid the tension of having the Pentagon attacked just a few miles from our offices, more than one CEO called me to ask where their travelers were and how we were going to get them back home. We worked well into the night to locate all of the travelers and provide our clients with updates. With the commercial air system shut down, travel advocates like our front line counselors were working at **my** cost to support anxious travelers, answer their questions, get them home, answer their families' questions, provide security data and daily updates, and calm the situation down. We were part of the solution and felt great about it. This critical work amounted to a time consuming and expensive job that could never be accomplished by the internet booking companies and their meager customer service staffs. We have always provided such support to our customers and our airline partners, not just during emergencies, but also during major weather problems and strikes. For anyone who has been in an airport crippled by such incidents, you know that the air traffic system needs as many hands as possible on deck to help the traveler.

Professional travel counselors are the best deal in town for the airlines and the public. We need to be given the tools to work effectively on behalf of our customers. These same customers have paid into the transportation infrastructure through their taxes. Please help bring all of the parties back together in a fashion that allows the consumer (business and personal travelers), the travel agency community, the airlines, and our country to all win.

Thank you very much for this opportunity.

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